

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF MARION	County SANILAS
Audit Date 3-31-05	Opinion Date 5-4-2005	Date Accountant Report Submitted to State: JUNE 1, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.			
Street Address 715 E FRANK STREET	City CARO	State MI	ZIP 48723
Accountant Signature Haryl Anderson CPA			

**TOWNSHIP OF MARION,  
SANILAC COUNTY**  
Deckerville, Michigan

**Report on Financial Statements  
(with additional information)  
Year Ended March 31, 2005**

May 4, 2005

**INDEPENDENT AUDITORS' REPORT**

Township of Marion  
Sanilac County  
Deckerville, Michigan 48427

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Marion as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Marion's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township of Marion's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Marion, Deckerville, Michigan as of March 31, 2005, or changes in its financial position or cash flows, where applicable, for the year then ended.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Marion Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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## **General Purpose Financial Statements**

TOWNSHIP OF MARION, SANILAC COUNTY  
COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS  
March 31, 2005

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	AGENCY
<b><u>ASSETS</u></b>			
Cash	\$ 46,959	\$ 61,896	\$ 5,348
Taxes Receivable			90,045
Due from other funds	4,348	3,613	
Fixed Assets			
<b>TOTAL ASSETS</b>	<b><u>\$ 51,307</u></b>	<b><u>\$ 65,509</u></b>	<b><u>\$ 95,393</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities:			
Accounts payable			\$ 5,348
Due to other governmental units			82,084
Due to General Fund			4,348
Due to Road Fund			3,613
Payroll liabilities	\$ 308		
<b>TOTAL LIABILITIES</b>	<b><u>308</u></b>	<b><u>-</u></b>	<b><u>95,393</u></b>
FUND EQUITY:			
Investment in general fixed assets			
Fund Balance - undesignated	50,999	\$ 65,509	
<b>TOTAL FUND BALANCE</b>	<b><u>50,999</u></b>	<b><u>65,509</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 51,307</u></b>	<b><u>\$ 65,509</u></b>	<b><u>\$ 95,393</u></b>

The accompanying notes are an integral part of the financial statements.

<b>ACCOUNT GROUPS</b>	<b>TOTALS (MEMORANDUM ONLY)</b>
<b>GENERAL FIXED ASSETS</b>	
	\$ 114,203
	90,045
	7,961
\$ 5,945	5,945
<b>\$ 5,945</b>	<b>\$ 218,154</b>
	\$ 5,348
	82,084
	4,348
	3,613
	308
	95,701
\$ 5,945	5,945
	116,508
5,945	122,453
<b>\$ 5,945</b>	<b>\$ 218,154</b>

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED MARCH 31, 2005**

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>	<b>TOTALS (MEMORANDUM ONLY)</b>
<b>REVENUE:</b>			
Taxes	\$ 36,265	\$ 39,927	\$ 76,192
Licenses & permits	280		280
State revenue sharing	53,618		53,618
State revenue sharing - ROW	3,615		3,615
Charges for services	4,350	-	4,350
Other revenue	23,556	967	24,523
<b>TOTAL REVENUE</b>	<b>121,684</b>	<b>40,894</b>	<b>162,578</b>
<b>EXPENDITURES:</b>			
Legislative	10,784		10,784
Executive	3,325		3,325
Clerk	6,650		6,650
Board of Review	1,000		1,000
Treasurer	6,650		6,650
Elections	1,974		1,974
Township hall & grounds	10,026		10,026
Planning & Zoning	800		800
Public safety	72,234	10,000	82,234
Other expenditures	15,533		15,533
<b>TOTAL EXPENDITURES</b>	<b>128,976</b>	<b>10,000</b>	<b>138,976</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(7,292)</b>	<b>30,894</b>	<b>23,602</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>58,291</b>	<b>34,615</b>	<b>92,906</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 50,999</b>	<b>\$ 65,509</b>	<b>\$ 116,508</b>

The accompanying notes are an integral part of the financial statements.



**TOWNSHIP OF MARION, SANILAC COUNTY**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) - AND ACTUAL**  
**GENERAL AND SPECIAL REVENUE FUND TYPES**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<b>GENERAL FUND</b>		
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE- FAVORABLE (UNFAVORABLE)</b>
<b>REVENUE:</b>			
Taxes	\$ 33,000	\$ 36,265	3,265
Licenses & permits	300	280	(20)
State revenue sharing	56,385	53,618	(2,767)
State revenue sharing - ROW	3,615	3,615	-
Charges for services	2,250	4,350	2,100
Other revenue	10,600	23,556	12,956
<b>TOTAL REVENUE</b>	<b>106,150</b>	<b>121,684</b>	<b>15,534</b>
<b>EXPENDITURES:</b>			
Legislative	19,625	10,784	8,841
Executive	3,325	3,325	-
Clerk	6,650	6,650	-
Board of Review	1,000	1,000	-
Treasurer	6,650	6,650	-
Election	2,000	1,974	26
Township hall & grounds	13,700	10,026	3,674
Planning & Zoning	800	800	-
Public safety	85,000	72,234	12,766
Other expenditures	17,650	15,533	2,117
<b>TOTAL EXPENDITURES</b>	<b>156,400</b>	<b>128,976</b>	<b>27,424</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(50,250)</b>	<b>(7,292)</b>	<b>42,958</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>58,291</b>	<b>58,291</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 8,041</b>	<b>\$ 50,999</b>	<b>\$ 42,958</b>

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUND		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 38,000	\$ 39,927	\$ 1,927
		-
		-
		-
		-
	967	967
38,000	40,894	2,894
		-
		-
		-
		-
		-
		-
7,750	10,000	(2,250)
		-
7,750	10,000	(2,250)
30,250	30,894	644
34,615	34,615	-
\$ 64,865	\$ 65,509	\$ 644

TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 71,000	\$ 76,192	\$ 5,192
300	280	(20)
56,385	53,618	(2,767)
3,615	3,615	-
2,250	4,350	2,100
10,600	23,556	12,956
144,150	161,611	17,461
19,625	10,784	8,841
3,325	3,325	-
6,650	6,650	-
1,000	1,000	-
6,650	6,650	-
2,000	1,974	26
13,700	10,026	3,674
800	800	-
92,750	82,234	10,516
17,650	15,533	2,117
164,150	138,976	25,174
(20,000)	22,635	42,635
92,906	92,906	-
\$ 72,906	\$ 115,541	\$ 42,635

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES:**

The Township covers an area of approximately 36 square miles within Sanilac County. The township operates under an elected Board and provides services to its more than 1,800 residents in many areas including public safety, community enrichment, development and human services.

The financial statements of the Township of Marion have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. REPORTING ENTITY:**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Marion contain all the funds and account groups controlled by the Township's Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

**B. FUND ACCOUNTING:**

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**B. FUND ACCOUNTING, (Continued):**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

Account groups are used to account for fixed assets and long-term liabilities that are not reported in the respective governmental funds.

**C. BASIS OF ACCOUNTING:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**D. USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. BUDGETS AND BUDGETARY ACCOUNTING:**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**F. CASH AND INVESTMENTS:**

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**H. RECEIVABLES:**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls that are secured by the underlying property.

**I. FIXED ASSETS:**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**I. FIXED ASSETS, (Continued):**

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group. Assets in the general fixed assets account group are not depreciated.

**J. FUND EQUITY:**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**K. INTERFUND TRANSACTIONS:**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**L. MEMORANDUM ONLY - TOTAL COLUMNS:**

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

**NOTE 2 - CHANGES IN GENERAL FIXED ASSETS:**

A summary of changes in general fixed assets follows:

	<b><u>BALANCE</u></b> <b><u>MARCH 31,</u></b> <b><u>2004</u></b>	<b><u>ADDITIONS</u></b>	<b><u>REDUCTIONS</u></b>	<b><u>BALANCE</u></b> <b><u>MARCH 31,</u></b> <b><u>2005</u></b>
Equipment	\$5,945	\$0	\$0	\$5,945
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$5,945</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,945</b>

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 3 - CASH AND INVESTMENTS:**

Cash and investments are held separately by each of the Township's funds.

**DEPOSITS:**

At year-end, the carrying amount of the Township's deposits was \$114,203 and the bank balance was \$134,049, all of which was covered by federal depository insurance.

**INVESTMENTS:**

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterpart's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At March 31, 2005, the Township had no Category 1, 2 or 3 investments.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2005 are composed of the following:

	<b><u>CASH &amp; CASH EQUIVALENTS</u></b>	<b><u>INVESTMENTS</u></b>
GENERAL FUND:		
Deposits	\$ 46,959	-
Other Funds:		
Deposits	<u>67,244</u>	<u>-</u>
TOTAL	<u>\$114,203</u>	<u>\$ NONE</u>

**NOTE 4 - LEGAL COMPLIANCE - BUDGETS:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following December 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. The Board of Trustees must approve any revisions of the budget.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 4 - LEGAL COMPLIANCE – BUDGETS (Continued):**

6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations that were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

**NOTE 5 - PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied .9935 mills for roads and .9506 mills for operating purposes.

**NOTE 6 – RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 7 – EMPLOYEE BENEFITS:**

The Township pays no employee benefits.

**NOTE 8 – DUE TO AND FROM OTHER FUNDS:**

Due to and from other funds balances at March 31, 2005 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 4,348	
Current Tax Collection Fund		<u>\$7,961</u>
Special Revenue Fund	<u>3,613</u>	
Total	<u>\$ 7,961</u>	<u>\$7,961</u>

**NOTE 9 – GASB 34:**

The Township chose not to adopt GASB 34, which is required by Generally Accepted Accounting Principals (GAAP). This departure from GAAP is also noted in the audit report letter.



## Supplementary Information

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE</b>			
Current property taxes	\$ 33,000	\$ 36,265	\$ 3,265
Licenses & permits	300	280	(20)
State revenue sharing	56,385	53,618	(2,767)
State revenue sharing - ROW	3,615	3,615	-
Services:			
Fire calls	2,000	4,200	2,200
Land splits	250	150	(100)
Total Services	2,250	4,350	2,100
Other Revenue:			
Interest	400	1,498	1,098
Administrative fees	10,000	14,889	4,889
Miscellaneous	200	7,169	6,969
Total Other Revenue	10,600	23,556	12,956
<b>TOTAL REVENUE</b>	<u>106,150</u>	<u>121,684</u>	<u>15,534</u>
<b>EXPENDITURES</b>			
Legislative:			
Salaries & wages - township board	2,325	2,325	-
Auditing & legal fees	3,500	500	3,000
Dues & subscriptions	3,000	2,112	888
Supplies	3,000	1,531	1,469
Mileage	800	254	546
Postage & Delivery	2,000	1,268	732
Printing	5,000	2,794	2,206
Total Legislative	19,625	10,784	8,841
Executive:			
Salaries and wages	3,325	3,325	-
Office supplies & expenses			-
Total Executive	3,325	3,325	-

See the accompanying notes.

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES: (Continued)			
Clerk:			
Salaries & wages	\$ 6,650	\$ 6,650	\$ -
Board of Review:			
Salaries & wages	1,000	1,000	-
Total Board of Review	1,000	1,000	-
Treasurer:			
Salaries & wages	6,650	6,650	-
Election:			
Office supplies & expenses	2,000	1,974	26
Total Election	2,000	1,974	26
Township Hall & Grounds:			
Insurance	5,700	4,132	1,568
Rent	6,000	2,850	3,150
Cemetery	2,000	1,800	200
Delinquent road & utility tax		1,244	(1,244)
Total Township Hall & Grounds	13,700	10,026	3,674
Planning & Zoning:			
Salaries & wages	800	800	-
Office supplies & expenses			-
Total Planning & Zoning	800	800	-
Public Safety:			
Highways & streets	61,385	46,919	14,466
Highways & streets - ROW	3,615	3,615	-
Contracted services - fire protection	20,000	21,700	(1,700)
Total Public Safety	85,000	72,234	12,766

See the accompanying notes.

**TOWNSHIP OF MARION, SANILAC COUNTY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES: (Continued)			
Other Expenditures:			
FICA	\$ 2,500	\$ 726	\$ 1,774
Medicare		-	-
Other payroll expenses	12,250	12,732	(482)
Miscellaneous	<u>2,900</u>	<u>2,075</u>	<u>825</u>
Total Other Expenditures	<u>17,650</u>	<u>15,533</u>	<u>2,117</u>
TOTAL EXPENDITURES	<u>156,400</u>	<u>128,976</u>	<u>27,424</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(50,250)</u>	<u>(7,292)</u>	<u>42,958</u>
FUND BALANCE - BEGINNING OF YEAR	<u>58,291</u>	<u>58,291</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 8,041</u></u>	<u><u>\$ 50,999</u></u>	<u><u>\$ 42,958</u></u>

See the accompanying notes.

TOWNSHIP OF MARION, SANILAC COUNTY  
CURRENT TAX COLLECTION FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED MARCH 31, 2005

	<u>BALANCE MARCH 31, 2004</u>	<u>ADDITION</u>	<u>REDUCTION</u>	<u>BALANCE MARCH 31, 2005</u>
<b><u>ASSETS</u></b>				
Cash		\$ 5,348		\$ 5,348
Taxes Receivable	\$ 14,937	1,030,154	\$ 955,046	90,045
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 14,937</u></b>	<b><u>\$ 1,035,502</u></b>	<b><u>\$ 955,046</u></b>	<b><u>\$ 95,393</u></b>
 <b><u>LIABILITIES</u></b>				
Due to other governmental units		\$ 871,281	\$ 953,365	\$ 82,084
Accounts Payable			5,348	5,348
Due to General Fund	\$ 10,706	48,689	42,331	4,348
Due to Road Fund	4,231	35,076	34,458	3,613
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 14,937</u></b>	<b><u>\$ 955,046</u></b>	<b><u>\$ 1,035,502</u></b>	<b><u>\$ 95,393</u></b>

See the accompanying notes.